

Michigan State Planning Project for the Uninsured

**Models Development Workgroup
Summary of Health Insurance Coverage Expansion Recommendations
to the Advisory Council
1/13/06**

Strategic Implementation Objectives of MDWG Recommendations:

- Extension of health insurance to all Michigan residents over the shortest period of time allowed by the state’s financial and political environments, hopefully within 5 years.
- Implementation of each phase builds on prior phases of the plan and each phase builds to the end goal.
- Maximize the use of federal funds.
- Improvement in Michigan’s business climate by making healthcare available and affordable to all residents, while sharing the cost of coverage among all stakeholders.

Phase I: Build Public and Political Support for Extending Health Insurance to All Michigan Residents and Extend Coverage to Target Populations

Objectives:

- Explain and promote the plan to cover 100% of Michigan’s residents and the value of health care coverage to all of Michigan’s residents and communities.
- Build support for the plan by quickly creating a “win” by increasing the numbers of people with coverage

Characteristics:

- Can begin implementation immediately following “Cover the Uninsured Week” and will continue as long as needed to secure 100% coverage.
- Rely on existing public and private funds, or create minimal expense.
- Make extensive use of enhanced program linkages, outreach and referral to existing coverage options
- Build to the goal of 100% health insurance coverage.

1. Encourage Employees to Take Insurance Offered by their Employer

- Objective: Cover as many Michigan residents as possible with currently available insurance opportunities.
- Actions: In collaboration with employers, employer associations and organized labor, educate employers and employees regarding the need for insurance and the value of health insurance to increase the number of employees “taking up” offered health insurance.

2. Outreach to the uninsured who are eligible for but not enrolled in Medicaid/MiChild

- Objective: Enroll all individuals who are eligible for Medicaid and MiChild in those programs.
- Actions: Enhance education and outreach efforts to those eligible, but not enrolled.

3. Establish a Commission

- Objective: Establish a state commission to develop implementation strategies for all phases of the expansion plan to secure health insurance for all Michigan residents.
- Activities of the commission:
 - Develop strategies for improving quality of care and establishing cost controls as follows:
 - Develop a system of chronic care management and disease and health maintenance protocols that are aligned with evidence-based medicine and which provide for pay-for performance.
 - Develop incentive systems for all Michigan residents to engage in healthy behaviors.

- Provide for administrative simplification.
- Develop a plan to preserve current health care funding resources, capture savings realized through reform and propose new sources of funding, if needed, to fund the extension of health insurance to all Michigan residents.
- Develop long-term strategic plans to extend health insurance to all Michigan residents, as well as implementation strategies.

Phase II: Coverage for Adults up to 100% of Poverty

(\$9,570 annual income for a single person; \$16,090 annual income for a family of three)

Objectives:

- Maximize federal financial participation, while expanding insurance coverage to Michigan residents.
- Increase the likelihood that children who are enrolled in, or eligible for Medicaid or MICHild will receive the healthcare they need by covering their parents.

Characteristics & Actions:

- Provide Medicaid or Medicaid-like coverage for parents in families with incomes up to 100% of poverty.
- Since only parents may be covered with Medicaid funds except under a waiver, a Medicaid waiver or other source of funds must be available to cover childless adults up to 100% of poverty.
- More detail on the options for covering this group will be presented in the full report.

Phase III: Coverage for the Disabled, Young Adults (ages 19 and 20), Parents & Childless Adults up to 200% of Poverty

(\$19,140 annual income for a single person; \$32,180 annual income for a family of three)

Objective:

- Maximize federal financial participation, while expanding insurance coverage to Michigan residents.
- Increase the likelihood that children who are enrolled in, or eligible for Medicaid or MICHild will receive the healthcare they need by covering their parents.

Characteristics:

- Provide Medicaid and Medicaid-like coverage to the disabled, parents, young adults, and childless adults between 100% and 200% of poverty.

1. Expansion to 200% of Poverty for Parents, Disabled and Young Adults

- Objective: To the extent possible, leverage state dollars with federal fund to extend coverage to the uninsured.
- Actions:
 - Option I: Expand Medicaid coverage by raising income eligibility level to 200%, similar to Phase II.
 - Option II: Create a new Medicaid coverage program for parents and young adults in this income range. This program would have limited benefit package and establish a higher reimbursement rate for providers as an incentive to participate and take the influx of new Medicaid members. A cost-sharing requirement may be established under this program. This option would require a federal waiver to provide a benefit package different than what is currently available under Medicaid.
 - Provide for premium assistance for low-income adults who have employer-based coverage available, but who cannot afford their share of the premium.

2. Expansion to 200% of Poverty for Childless Adults

- Objective: Provide coverage to childless adults who uninsured
- Actions:

- Cover childless adults under a Medicaid/Medicaid-like waiver. Moving childless adults up to 100% of poverty into a Medicaid/Medicaid-like waiver program would free up spaces in the county health plans so they could serve childless adults 100% to 200% of poverty and could subsidize employer-based coverage through Third Share Plans or similar models. If state funds become available, a state-sponsored plan could be implemented.

3. Subsidize Dependent Coverage for Children above 200% of Poverty

- **Objective:** Provide all Michigan children with healthcare coverage.
- **Actions:**
 - Since Medicaid/SCHIP funds can be used to cover children above 200% of poverty, Medicaid funds could subsidize dependent coverage through employer-based insurance or through a commercial insurance benefit package with an expected parental contribution, or could be used to develop a Medicaid program with premiums based on family income and other cost-sharing strategies.

Phase IV: Commission Implements Plans to Capitalize the Needed Funding to Build Michigan’s Bridge to Full Coverage

Objectives: Identify the funds needed to secure coverage for 100% of Michigan residents. Sources to consider:

- Preserve current dollars funding health care delivery
- Capture savings realized from reforming the health care system and implement system-wide initiatives to control health care costs
- Identify and capture new sources of health care dollars, if needed

Commission Actions:

- Preserve resources currently spent on healthcare and insurance from:
 - Employers
 - Insured individuals cost sharing, such as co-payments, deductibles, etc
 - Providers in the form of uncompensated care
- Capture savings generated by reforming the health care system, such as savings realized as a result of:
 - Administrative simplification, the savings of which will accrue to both insurers and providers.
 - Combining other systems that currently cover Michigan residents for health care costs such as Workers Disability Medical, No-Fault Auto Insurance medical component, casualty insurance plans, and other categories of medical coverage. Bulk buying of pharmaceutical products and various services.
 - Healthier lifestyles.
 - Citizens receiving preventive and primary care.
 - Use of appropriate levels and types of health care in a timely fashion.
 - Chronic care.
 - Elimination of costs that are attributable to uninsurance.
- Identify and capture new sources of funding, if needed, such as from:
 - Enhanced federal contributions for Medicaid strategies.
 - Medical malpractice and medical malpractice insurance reform.
 - Other sources of funding recommended by the commission, including possible new taxes.

Phase V: Employer Contribution Plan, Limited Multiple Payer System or Other Option

Objectives:

- Provide all Michigan residents with basic healthcare.

Implementation options for the commission to consider:

1. Employer Contribution Plan
 - Provides needed resources to cover health insurance costs for workers and their families.
 - Requires employers to pay a fee of a specified percentage of each employee’s wages to the state, with a credit against this fee equal to the amount they spend for health insurance.
 - Creates a Health Benefit Plan through which employers may purchase coverage.
2. Limited Multiple Payer System
 - Ensures health care coverage for all Michigan residents by making coverage automatic
 - Coverage is available through a state purchasing entity that contracts with multiple health plans.
 - Financed through premiums, payroll taxes and other sources of revenue
 - Provides a basic benefit package, including consumer cost-sharing provisions that would be defined by the Commission.
 - Defines benefits for people with incomes below 200% of poverty that are based on Medicaid requirements and which would receive federal matching funds.